FY 2002 Annual Report Guidance
December 3, 2001

I.   *Annual Report Outline*

This message provides detailed guidance to field missions and other USAID operating units on the preparation of their FY 2002 Annual Report. This Annual Report replaces the Results Review and Resource Request (R4) submissions and provides a simplified reporting format for other required Agency reports, including a streamlined Congressional Budget Justification (CBJ). The Annual Report will inform readers within and outside USAID of the results attained with USAID resources, request additional resources, and explain the use of and results expected from these additional resources. The guidance on preparation of the R4 set forth in ADS 203.3.6 and 203.3.6.1 is hereby replaced by these revised procedures. All other provisions of the ADS 200 Series remain in effect.

A.   *Cover Memo*

A cover memo of up to three pages is required. This Annual Report cover memo is *not* intended for distribution outside the Agency, and will *not* be posted on the Agency's website, but will be distributed to USAID employees. It should be addressed from the head of the Operating Unit to the Assistant Administrator of your Bureau. This cover memo is due in Washington by February 25, 2002.

The cover memo should state the U.S. foreign policy and developmental priorities that underlie the operating unit's program. It should also address critical issues or changing circumstances that may alter the management agreement such as: opportunities USAID may wish to seize; staffing adjustments; unusual resource requests, and related Washington follow-up actions. The memo should include issues that the Operating Unit's management wants to call to the attention of Agency management. (Classified material should only be reported via classified cable.) Units should use this memo to indicate whether they have made minor changes to the strategic plan or to propose major changes. See ADS 201.3.4 for information on when consultation with Washington is required prior to making changes in an approved strategic plan.

B.   *Annual Report Part I: FY 2003 Country Overview for the CBJ*

For assistance in completing Parts I and II of the Annual Report, see the mock CBJ submission for "Freedoni" on the internal website at http://CDIE.USAID.gov/ar and on the external website at http://www.dec.org/partners/ar.

Part I must not, repeat, must not exceed two pages. It is due in Washington not later than COB Friday, January 4, 2002. It will be used for the country-specific sections of the Congressional Budget Justification, and will consist of the following narrative sections:

- The Development Challenge facing USAID should be a short paragraph including factors that set the stage for our assistance by identifying the key development challenge(s) our program seeks to overcome. It may be useful to cite health and literacy statistics, debt burdens, factors that may impede success, etc. Field missions should provide a statement on the U.S. national interests or foreign policy priorities in the country: e.g., globalization, conflict prevention, or combating terrorism.

- The USAID Program This section should summarize each Operating Unit's FY 2002 estimate, its FY 2003 request, and the principal objectives of the Unit's program. It should also specify the amount of FY 2002 and FY 2003 funding that will go to ongoing Strategic Objectives as opposed to the amount that will go to new program areas. As appropriate, Operating Units are asked to highlight in the narrative those parts of their program that address areas of specific Congressional interest, including agriculture, economic growth and trade, microenterprise, environment, education and training, child survival/maternal health, vulnerable children, HIV/AIDS, infectious diseases, democracy, and humanitarian assistance.

- Ongoing Programs for Which No FY 2002 or FY 2003 Funding is Requested is a tabular section with a list of old but ongoing SOs for which no funds will be obligated in FY 2002 or FY 2003. This table should list the titles of

these SOs, when they were last notified, and the planned completion date. (Please devise a short, reader friendly title for your SOs of 50 characters or less.) Inclusion of this table eliminates the need for submission of a separate Program Data Sheet for such SOs.

▪ Other Program Elements. Field missions should provide as complete a picture as possible of USAID assistance in their country by including other programs active in the country, particularly those managed by the pillar bureaus, regional missions, and regional bureaus but not funded or managed by the mission submitting the Annual Report. Missions should use the database on Activities Not Managed in Country to help with this effort (http://cdie.usaid.gov/pmdb/npc_form.cfm). Washington will assist as requested. In cases where there are many such activities, missions should discuss them together by pillar in summary fashion. It is not necessary to describe each individual activity. Submission of this information does not constitute congressional notification of these programs. That notification will be provided separately by the managing bureau.

▪ Other Donors. This section should identify the key interest areas of other donors. Identify donor rankings relative to resource levels (i.e., first, second, third, etc. without identifying specific dollar amounts.)   Briefly identify areas of joint effort and/or coordination with USAID.

C.   Annual Report Part II: Program Data Sheets By SO for the CBJ

Please submit one Program Data Sheet of not more than two pages for each SO for which you plan to obligate resources in FY 2002 or FY 2003. These Program Data Sheets are due in Washington not later than COB Friday, January 4, 2002. Subsection headings are as follows:

▪ Header: Each SO narrative should begin with a header containing the following information: USAID operating unit; program title (as described above for "old" SOs, please devise a short, reader-friendly title of not more than 50 characters easily understandable to outside audiences); strategic objective name and assigned SO number; status; unobligated prior year funds and funding source; planned FY 2002 obligation and funding source; proposed FY 2003 obligation and funding source; year of initial obligation; and estimated completion date. The USAID/W assigned SO numbers are available at http://CDIE.USAID.gov/ar. For questions on SO numbers, please contact Robert Baker in PPC/CDIE

▪ Summary: Use bullets to describe major categories of assistance under each SO.

▪ Inputs, Outputs and Activities: Describe in terms understandable by the general public how the funds being requested will be spent, (i.e., what will be purchased) and the immediate impact to be achieved with these resources. Operating Units should distinguish between the FY 2002 and FY 2003 programs. While the description of the FY 2003 program may indicate a degree of remaining uncertainty about precise implementation plans (e.g. by saying that funds are "to be used" or "may be used", or that USAID "plans to use," etc.), the description of the FY 2002 program should include unambiguous statements of how the funds "will" be used.

These Program Data Sheets constitute formal Congressional Notification of USAID's intent to obligate FY 2003 resources for the activities and purposes described therein unless the Congress otherwise requires further notification. As agreed with the Appropriations Committees, FY 2002 funding levels published in the FY 2002 CBJ continue to serve as notifications for ongoing programs unless there has been a significant modification that would require renotification. If there have been such changes, please describe them here and include the following statement in a text box following this section: SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL RENOTIFICATION OF USAID'S INTENT TO OBLIGATE [include fiscal year/years] RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE. If you have questions as to whether renotification is required, contact your bureau program office.

▪ Performance and Results: In one short paragraph, highlight progress toward the principal results that are to be achieved through this program. If progress toward this objective continues, what is the end-state we can expect to see?

▪ Major Contractors and Grantees: If this is an ongoing program, list the principal contractors and grantees and their major sub-contractors or sub-grantees. Distinguish clearly which are primes and which are subs.

▪ Linkages: Please link each SO to one Agency goal and one MPP goal. USAID's six performance goals are linked to three program pillars:

Program Pillars	Agency Goals
Economic Growth, Trade, and Agriculture	▪ Broad-based economic growth and agricultural development encouraged ▪ Building Human Capacity through Education and Training ▪ The world's environment protected for long-term sustainability
Global Health	▪ World population stabilized and human health protected
Democracy, Conflict, and Humanitarian Assistance	▪ Democracy and good governance strengthened ▪ Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established

Use the MPP goals in the US Strategic Plan for International Affairs (IASP). If you link to more than one Agency goal, please express as a percent your estimate of the relative impact your efforts have on each of those goals. The estimate should reflect the proportions of impact, not the proportion of the budget related to each goal.

The use of text boxes to present the most significant country facts or program highlights is strongly encouraged.

D.   *Annual Report Part III: FY 2001 Performance Narrative*

From two to ten pages. Due Monday, February 25, 2002. This section will be posted on the Agency external web-site and will provide input for inclusion in Agency level reporting (the Annual Performance Plan and Report, etc.). USAID/Washington personnel are the principal audience for this statement. The purpose of this section is to allow each Operating Unit to tell Washington what they feel Washington needs to know to make budget decisions. It will also serve as a convenient reference for USAID staff, Congressional staff, and members of the public who need a brief but informative synopsis of an Operating Unit's current program. To facilitate this, the format of this section is relatively unstructured. At a minimum, this section must discuss:

- The key achievements of the program for this reporting period.

- The most important challenges the Operating Unit has faced, and how it dealt with them.

- Who are the beneficiaries of USAID resources and how are they benefiting?

- For each SO, whether the SO exceeded, met, or did not meet its targets in the past year. This will be an auditable affirmation, so operating units are required to maintain documentation confirming this assertion. The statement does not mean that the SO has achieved ALL targets for the year, but that an unbiased observer, looking at the target/achievement records, would conclude that the SO was making progress. Discuss here how the SO did or did not meet its targets. If the SO did not meet its targets, operating units must describe the management and/or budgetary steps they are taking to address this situation.

- In addition, Operating Units must provide narrative that supports the statements made in the performance data tables discussed in Section I E below. If, in the performance tables, you have claimed a significant result in the past year, provide a description of the significant result and supporting narrative here. Significant results include major milestones achieved in policy or institutional change.

- Indicate how performance considerations influenced your resource recommendations and other decisions.

Missions should also consider discussing in this section, as appropriate, the performance of activities funded by mission field support transferred to pillar bureaus and Development Credit Authority resources.

Note that the ten-page limit on this section is a ceiling, not a floor. Those units that wish to portray their program in briefer terms are strongly encouraged to do so.

E. Annual Report Part IV: FY 2001 Performance Data Tables and Results Frameworks

Due in Washington by Monday, February 25, 2002.

Performance Data. To fulfill the Agency's GPRA reporting requirements and for use in the Annual Performance Report, all Operating Units must complete a table on "Selected Performance Measures." Please see Section II.B below for a link to this table. For this abbreviated Annual Report, the requirement for performance reporting has three aspects:

- First, each Operating Unit must assess whether each Strategic Objective in a given pillar exceeded, met, or did not meet its targets in the past year. In this manner, we will obtain each operating unit's assessment of every SO in its portfolio. Then, as described above in Section I.D. of this Annual Report guidance, Operating Units must comment on this assessment in the Performance Narrative section of the Annual Report.

- Second, each unit is asked whether it has achieved a significant result this year within each "USAID Objective." As explained in Section I.D of this Annual Report guidance, operating units must then describe and discuss this significant result in the Performance Narrative section of the Annual Report. For purposes of this table the answer to this question will be simply yes or no. The USAID Objectives in the Selected Performance Measures table come from the revised 2000 Agency Strategic Plan. Note that we do not expect that every Operating Unit will achieve a significant result toward each USAID Objective every year. If your Operating Unit does not have a program in support of a particular USAID Objective, please answer N/A. See ADS Chapter 200 for a definition of what constitutes a "result." See also ADS 201.3.4.13.b for a description of milestone indicators. Note that for purposes of this Annual Report, operating units may characterize particularly important milestones achieved as "significant results."

- Finally, ***if an Operating Unit measures performance at either the Strategic Objective or Intermediate Result levels using one of the indicators included in the list of "Selected Performance Measures," the Operating Unit must report data for that indicator.*** Thus, for example, if an OU has an environmental result and uses number of hectares under approved management plans as an indicator of progress toward that result, it must report this data. Similarly, if the OU has an HIV result and uses the number of condoms distributed as an indicator of progress toward that result, it must report this data. However, if the OU's portfolio does not address the particular subject, it is NOT required to report against it. For example, an HIV activity that does not have a maternal to child transmission (MTCT) component is NOT required to report the MTCT indicator. Similarly, if an OU has a strategic objective or intermediate result that contributes to one of the USAID Objectives identified in the Selected Performance Measures table but is not tracking that result through one of the indicators in that table, the OU does not have to report on that indicator this year. In such cases, the OU should immediately take steps to start tracking the indicator with the objective of reporting on it in the FY 2003 Annual Report if that indicator is appropriate for the OU program.

All indicators reported in the Annual Report *must* have had a data quality assessment done within the past three years, as described in ADS 203. Moreover, if no data quality assessment has been done on a particular indicator then Operating Units **must not** report it. Operating units *must* include a comment on data quality and limitations. For example, we would like you to report only Fiscal Year 2001 data to the extent possible. If the data you report is for another period, please so indicate. For health data obtained via a DHS or other comparable surveys, report only those data that were first available (either preliminary or final) in FY 2001. We appreciate that DHS and other large PHN-related surveys typically are only conducted every three-five years; our objective is to capture and report on new survey data published within the last year.

Unless otherwise specified, all performance information provided in this section of the Annual Report must be plausibly attributable to USAID assistance. See ADS 203 for a discussion of issues concerning attribution. In brief, even if the contribution of other actors to a given result was greater than that of USAID, if the result would not have occurred without USAID's efforts, it is legitimate to assert that this result is "plausibly attributable" to USAID assistance.

For most indicators for which we are requesting quantitative information, we expect that field missions will report sub-national data (e.g., number of hectares under approved management plans in districts receiving USAID assistance). By contrast, we expect that reporting will be at the national level for most indicators that missions track via a Demographic and Health Survey (DHS). Whenever necessary, missions should specify in the Data Quality column of the Selected Performance Measures table the level (national or sub-national) at which they are reporting.

If you have questions on the preparation of this table, or on the indicators you should report, please contact Dan Blumhagen, PPC/CDIE.

HIV/AIDS Programs: A cable will be sent in December 2001, to all missions describing the HIV/AIDS monitoring and reporting requirements. We do not anticipate requesting additional data from missions beyond those indicators in the Selected Performance Measures table attached to this Annual Report guidance. Filling out the indicators this year to the extent possible will help us set a baseline. However, missions will be requested to facilitate submission of data from national sentinel surveillance systems to those organizations that will compile and analyze the data. In addition, missions will be expected to fund or support national sexual behavior surveys (or DHS) every three-five years, unless such a survey is fully funded through other means. Questions regarding the HIV/AIDS data requirements for this Annual Report cycle should be sent to John Novak, GH/HIV-AIDS, (jnovak@usaid.gov), with a copy to Dan Blumhagen in PPC/CDIE (dblumhagen@usaid.gov).

Results Frameworks. Operating units are expected to maintain and continue to monitor Results Frameworks. As discussed in ADS 201, Operating Units are free in certain circumstances to alter Results Frameworks. To keep records current in Washington we request that you send a copy of your up-to-date results frameworks either as a graphic (results tree) or as a list.

F. Annual Report Part V: FY 2003/2004 Resource Request

Two to five pages of text. Due in Washington by Monday, February 25, 2002.

1.   Budget Outlook

The budget structure for the USAID portion of the FY 2004 International Affairs (Function 150) account request will be based on the FY 2002 Foreign Operations Appropriations Act (H.R. 3422), not yet enacted by the Congress.

Country and program levels, as well as any changes to account structure, will be negotiated with OMB, State, and congressional staff. We expect a $300 million DA/CSD increase in FY 2002 and are proposing an additional increase for FY 2003, although the outcome of this proposal will not be clear for some time. We will request additional DA/CSD resources in FY 2004.

FY 2004 will be the third year of the Global Development Alliance (GDA) and the use of alliances as a business model should be well integrated into operating unit programs by this time. In framing your FY 2004 resource request and especially increases or new initiatives, operating units should address what you are doing with alliances. Additionally, you should focus special attention on describing programs related to priority areas in the three program pillars.

- Economic Growth, Agriculture, and Trade: USAID is developing a revised agriculture strategy and trade strategy and is seeking to strengthen USAID's investments in these areas. In addition, we hope to increase environment initiatives. The President has placed special emphasis on education and on gender issues, particularly trafficking.

- Global Health: Programs in HIV/AIDS, infectious diseases, and maternal health continue to receive strong Administration and Congressional support, in additional to our traditional focus on child health.

- Democracy, Conflict, and Humanitarian Assistance: We are especially interested here in the interrelationships among democracy, conflict, and terrorism, their long-term effects on our development objectives, and any program adjustments you are making in this regard. Where operating units have done conflict vulnerability assessments, please address the program and resource implications of those assessments. Operating Units

should highlight programs that relate directly to our long-term efforts to mitigate conflict and combat terrorism.

2. In this Part V, field mission and other operating units should address the following concerns:

 - **Rationale.** A brief rationale for program resource level and SO allocations, including reasons for significant proposed increases/decreases in OYB levels established on the basis of last year's CBJ. Operating units need to explain why they are requesting specific types of funds, such as DA, CSH, and ESF. Operating units and field missions must link this discussion to the interest areas described above. For the proposed FY 2004 budget in particular, this is your opportunity to explain in a relatively unconstrained budget environment the sectors and activities into which you would put additional resources, and those in which you would cut resources. In so doing, keep in mind your role *vis-a-vis* that of other donors, USAID's comparative advantage, and where we can make the best investments for the greatest impact. Note it may be necessary for us to come back to you after your submission for clarification.

 - **Justification.** Explain the justification for resource decisions. Give particular attention to the ways in which performance and pipeline informed these decisions, especially for SOs not meeting expectations and repeated poor performers. What are the expected accomplishments over the next reporting period, i.e., what are overall prospects for progress through FY 2004, including actions to overcome factors impeding progress? The resource decisions articulated here should reflect the use of performance information in management decisions.

- **Pipeline.** For each SO, program funding pipelines must be reported. Explain any inconsistencies between pipeline levels as of September 30, 2001, and Agency forward funding policy presented in ADS Section 602. Note that pipelines, except under certain conditions, may cover up to 12 months, but not less than six months, of planned expenditures beyond the fiscal year. That is, obligations generally should fund projected expenditures through the end of the fiscal year following the year in which funds are obligated. Describe any corrective action being taken, exceptions to the forward funding policy being requested by the operating unit director, and how pipeline levels projected through the planning period will be consistent with the forward funding policy.

- **Decommitments**. Expired commitments should be reviewed to identify unexpended balances that are no longer needed. Planned decommitments should be considered in resource requests.

G.   *Annual Report Part VI: Program, OE, USDH, Workforce, FSN Separation & Trust Fund, and Controller Tables*

There are seven basic data tables required for program, operating and workforce expenses. To reduce the data entry requirement we have created an application tool. Users need only enter the data once and this tool will automatically generate the budget tables needed for the CBJ and for the FY 2004 resource request. Use of this tool is mandatory. See Section II.B below for additional guidance. Budget data is pre-decisional and is not for public release. FY 2000 to FY 2003 data for all tables below is due to Washington by January 4, 2002. FY 2004 request data is not due to Washington until February 25, 2002, but may be sent in with the earlier tables. FY 2002 and FY 2003 control levels will be provided separately by your bureau and may require additional communication with your Operating Unit

1) U.S. Financing. This table appears with each Data Sheet in the CBJ. Operating Units are requested to fill out the top portions (reflecting actual obligations and expenditures) before completing any other table, as information here will feed into the Budget Request by Program/Country table below. Bottom portions of the U.S. Financing table, in turn, will be filled in automatically from the Budget Request by Program/Country table.

2) Budget Request By Program/Country. Breaks out each SO by the Agency's goal/strategy areas including splits between bilateral and field support requirements. These tables must be filled out for each of FYs 2000 to 2004 and should reflect actual appropriated levels, or request levels, as appropriate. Separate years and accounts are generated using drop-down menus, including an FY 2003 alternate options for those bureaus that use that breakdown. Separate but linked subdirectives tables have been added for Economic Growth, Agriculture & Trade Capacity (EGAT), Global Health; and Democracy, Conflict & Humanitarian Assistance (DCHA). The starting pipeline column on the FY 2002 table must agree with the end of FY 2001 pipeline data, as reflected in the FY 2003 Budget Justification tables, or the

latest CN. Operating Units are reminded that field support is considered to be fully expended in the fiscal year following obligation. Hence, only FY 2001 obligated field support would be reflected in the FY 2002 starting pipeline data. When Operating Units request program funds for each SO, the level requested should include estimated/anticipated program funded ICASS costs. Regional Bureaus are also reminded to request funds accordingly when preparing regional SO submissions where annual program ICASS requirements are not met through bilateral programs.

3) Workforce Planning: USDH and non-USDH Staffing Requirements. This section covers all categories of personnel that are reported as part of the Mission Staffing Pattern System reporting. (See M/HR home page for MSPS guidance and world-wide final products.)

USDH Staffing Requirements: Show the numbers of USDH in each occupational backstop expected by end of year FY 2002 and requests for end of FY 2003 - FY 2005. The purpose of this table is to enable the Agency to make the necessary recruitment decisions to ensure we have the right mix of skills on board. Therefore requested levels should be what the Mission reasonably expects to have on board given budget realities. These data are necessary and significant in the development of the FY 2003 Foreign Service recruitment plan as they tell what the skill needs are. For all years, but especially for out-years, the requests should match the position requirements without regard to the backstop of the current incumbent.

GDO positions should be listed under the backstop that reflects the primary discipline of the position. RUDO positions are covered under Backstop 40. It is crucial that each Mission Director consider what work needs to be done and what skills are needed to do it rather than the backstops of the people they currently have or expect to have. In addition, if you have positions that you do not expect to be filled, please do not include them. The sole purpose of this table is to inform the FS recruitment process; it is not used in the assignment or FTE-allocation processes.

Non-USDH Staffing Requirements: Show the number of non-USDH by category and the occupational backstop that most closely reflects the work being done. In order for the Agency to do effective workforce planning it needs to know the staffing requirements in toto, not just USDH staffing requirements. It is crucial that each Mission Director consider what work needs to be done and what skills are needed to do it rather than the backstops of the people they currently have or expect to have. In addition, if you have positions that you do not expect to be filled, please do not include them. Remember that for all years, but especially for out-years, the requested levels should match the position requirements without regard to the skill area of the current incumbent.

4) Operating Expenses For Overseas And Washington Operating Units. Show the proposed use of OE and trust fund resources by resource category for the FY 2002 estimate, the FY 2003 target, and the FY 2004 request levels. For overseas OE tables, identify the U.S. dollars used for local currency purchases and the exchange rate used in computations. Please note that we intend to establish a more direct and rational link between operating units' program funds and operating expenses (including staff). The allocation of OE resources frequently does not correspond to changes in program allocations. Operating units may wish to address such inconsistencies.

5) The ICASS Working Capital Fund This table should be used by overseas operating units that are/or will be an ICASS service provider. This table should reflect the amount that the Agency will be reimbursed for the services that are provided. Include costs associated with providing support to OE funded operations, USAID program operations and to other customer agencies on post. Please note that the first line of the Table is for Washington Funded Salaries and Benefits.

Report in the Operating Expenses Table, under the ICASS line item, the sum of estimated OE ICASS charges payable to the Department of State as well as the estimated costs for ICASS services provided by the mission to OE funded operations.

6) Trust Fund and FSN Voluntary Separation Payment/Withdrawal Information. This is used only by overseas missions and shows a) availability of local currency trust funds and b) deposits to and withdrawals from the FSN voluntary separation account. Please note that if an overseas unit shows obligations under object class 12.1 on the OE table for FSN voluntary separation (FSN direct hire or FSN PSC), then the FSN voluntary separation portion of this table must be submitted. The OE totals on this table must match the total FSN voluntary separation amounts for FSN

direct-hire and FSN PSCs on the OE table. Also, exchange rates used in computing the dollar equivalent of local currency trust funds must be provided--this information is required to be included in the agency's Budget Justification.

7) <u>Controller Operations</u>. This is in the same format as the overseas OE table, but is to reflect only those costs associated with the office of the controller at overseas missions.

H.   *Annual Report Part VII: Environmental Compliance*

This section is required of all Operating units and is composed of:

▪   A notional plan for any new or amended initial environmental examinations (IEE) or environmental assessments (EA) that Operating Units expect to need for the coming year, and a timeframe for approval if known (per 22 CFR 216). The plan should consist of a short notional list or table listing any anticipated new activities or sets of activities that might need environmental determinations, as known at the time the Annual Report is submitted. If there are none anticipated, please so state. The purpose of this requirement is to ensure this work is budgeted for by the Operating Unit and integrated into the OU's work as well as the Bureau Environmental Officer's work thus avoiding problems or delays since funds cannot be obligated without an approved Categorical Exclusion (CE), Initial Environmental Examination (IEE) or, if required, an approved Environmental Assessment (EA). Preparation, review and processing times need to be incorporated into planning. As a reminder, amended IEEs, CEs or EAs are required when the activity funding level and/or LOP change, as well as when activities undergo modifications to incorporate components not covered by a previous submittal

▪   A brief statement of whether ongoing Strategic Objectives and related activities are in compliance with their approved Initial Environmental Examinations, Categorical Exclusions, or Environmental Assessments (when done). For activities not in compliance, the OU shall indicate what corrective actions it will take and by when, to bring the SO into compliance as soon as possible. The purpose of this requirement is to provide an annual check of whether the OU and its SO teams are meeting the legal requirements of compliance. Indicating whether an SO is in compliance should not be taken lightly and each SO team is accountable for the statement concerning their SO. SO teams are responsible for managing their SOs and related activities to keep them in compliance throughout implementation.

I.   *Special Reporting Situations*

Please provide the following information if/as appropriate:

Strategic and Special Objective Close Out Report. Optional. Due February 25, 2002. Where the SO is no longer being implemented and funded, Operating Units must prepare a brief "close out" report per the guidance in ADS 203.3.7. If it is not possible for you to submit these reports with the FY 2002 Annual Report, please simply state here when you plan to submit the required reports.

Country Close Out and Graduation Operating. Units scheduled to exit between FY 2002 and 2004 will receive separate guidance from their bureaus with specific information on what to include related to close out or graduation in the Annual Report.

P.L. 480 Title II Resources. To help meet Congressional reporting requirements for Title II resources, the following information should be included in Annual Report documents:

•   <u>Integrated programs:</u> Where Title II and dollar-funded activities are integrated to support one or more strategic or special objectives, the narrative in the Program Data Sheets for those Objectives must include a brief description of the contribution and effectiveness of P.L. 480 resources to enhanced food security in the country as it will form the basis of the agency's performance assessment for integrated programs. P.L. 480 resources, however, are not included on the Program Data Sheet financial table. Due January 4, 2002.

•   <u>Stand-alone programs:</u> When non-emergency Title II resources do not contribute directly to a strategic or special objective, Operating Units are asked to make note of stand-alone programs in their Performance Narrative (Section

I.D) by addressing briefly (1) the contribution of these resources to food security in the country; and (2) the effectiveness of the programs supported with these resources in achieving results agreed upon in the relevant Development Activity Proposal (DAP). Due February 25, 2002.

Global Climate Change. The Global Climate Change (GCC) reporting requirement is mandatory for those Missions, Regional Offices, and Washington-based programs that attribute financial resources toward the Agency's Global Climate Change Initiative. There are three parts to this requirement: (a) a narrative (up to four pages), (b) indicator tables, and (c) GCC budget information; specifically, obligations by country, strategic objective, and fund account for activities conducted in FY 2001 and estimates for FY 2002 and FY 2003. The tables (indicator and budget) and the guidance for preparing the narrative and tables are provided at the following website: http://www.genv.org/climate/performance. Budget tables are due by January 4, 2002; the remainder of this requirement is due by February 25, 2002. Questions regarding GCC reporting requirements, should be sent to Carrie Stokes: cstokes@usaid.gov. Washington program offices are responsible for sending completed GCC reports to Carrie Stokes.

Success Stories. Optional. Washington is looking for concise success stories illustrating the impact of our assistance on the lives of specific individuals. The Administrator and other Agency officials may use these stories in speeches, press stories, and in response to common requests the Agency receives. The success story should give some indication of broader significance and overall impact of the program it describes. Areas of particular interest include HIV/AIDS integration; gender and its effects on results; conflict prevention; innovative partnerships; and relief and development. While these stories are explicitly intended for public consumption, to keep them fresh for Agency management use, they will not be posted on the web in the form they are received from the Operating Unit. It is very helpful to have the names and the location of the people involved. Do *not* include information in these stories that you would not want used in public.

II.   *Technical Requirements*

A.   *Submission Requirements and Format*

1.There will be no computer application or template for the preparation of the narrative portion of this Annual Report. There will, however, be a mandatory application for the preparation of the budget tables. See Section II. B below.

2. All Operating Units are required to submit complete Annual Reports unless they do not need program funds and/or operating expense funds after the current fiscal year. Those OUs that do not need funds after the current year should submit a review of the results they have achieved per applicable sections of Section I above.

Nonpresence programs with defined country-level Strategic Objectives are also required to submit a separate Annual Report. Washington Program Offices will identify the OUs responsible for preparing these Annual Reports.

3. Please do not include any graphics (other than the Results Framework) or photographs. If your Operating Unit wants to use portions of this Annual Report for public relations, you are encouraged to use photographs and graphics there.

4. Submit both hard and electronic copies of your document. Do not send password-protected documents. Prepare narratives using 10-point Universal (W1) typeface, and for all tables, use Universal (W1) 8 pt. Format your document for printing on 8.5 by 11 paper with one-inch margins. Margins are: Top/Bottom – 1 inch/1 inch; Left/Right – 1 inch/1 inch. Use block style ("full justification" for margins) with no paragraph indentation. Use one-line spacing between paragraphs. Do not underline.

5. ADS Section 201.3.7 describes the procedures for managing the public release of planning documents, including Annual Reports, and requires the following wording on the title page of each Annual Report

> The attached results information is from the FY 2002 Annual Report for (country or OU) and was assembled and analyzed by (USAID/OU).

The Annual Report is a "pre-decisional" USAID document and does not reflect results of USAID budgetary reviews. Additional information on the attached can be obtained from (Washington contact person and office making the distribution).

Related document information can be obtained from:

USAID Development Experience Clearinghouse
1611 N. Kent St., Suite 200
Arlington, Va. 22209-2111
Telephone: 704-351-4006 ext. 106
Fax: 704-351-4049
Email: docorder@dec.cdie.org
Internet: http://www.dec.org

6. Send your Annual Report directly to your Bureau contact. These contacts are listed in the Bureau Specific Guidance below.

7. Cases of conflicting or uncleared supplementary guidance should be reported to Leon Waskin and/or Parrie Henderson-O'Keefe, PPC/PC, and copied to your Regional Bureau for resolution

B.   *Supplemental References*

The following information on Annual Report preparation is available here for those OUs with "hot link" capability, and on the intranet web page at http://CDIE.USAID.gov/ar. Partners will be able to access Annual Report guidance and related support materials at the following external web site: http://www.dec.org/partners/ar.

1. The mandatory application tool for the preparation of the resource request will link the tables required for the CBJ with those required for Agency budgeting needs. Specific instructions for filling out the budget tables are included in the application and are also available from the web site: http://CDIE.USAID.gov/ar. The budget table application will be sent to each Operating Unit's system administrator for installation via e-mail using a special large IRM-supplied email connection to accommodate the size of the application. It will be sent on or about December 10, 2001. Operating Unit program officers, program budget analysts and/or controllers will be contacted with specific information on how to use of the application. The application will not be pre-populated with prior year's budget data, but will be prepopulated with each Operating Unit's list of Strategic Objectives. Operating Units can also submit a request to ARApp@dec.cdie.org to have a CD ROM copy of the application mailed to them. Once your Operating Unit has finished entering data, the application tool is to be sent back to the same location in Washington via the e-mail function included in the application. All country applications will be consolidated for each Bureau and forwarded to that Bureau. Therefore, all applications MUST be received by January 4, 2002 with the data from FY 2000 through FY 2003. The application may be resubmitted by February 25, 2002 with the FY 2004 data. Specific questions regarding the application can be e-mailed to ARApp@dec.cdie.org. Phone inquires can be directed to Chris Wolter at 703-351-4006 extension 104 or Dennis Negal at extension 150.

2. The following supplemental references can be found at the internal web site: http://CDIE.USAID.gov/ar and the external web site: http://www.dec.org/partners/ar

    a)   List of all Operating Unit Objective ID numbers.
    b)   A mock CBJ submission for the fictitious country of Freedoni.
    c)   Policy on Description and use of Child Survival and Health funds
    d)   Revised 2000 Agency Strategic Plan.
    e)   Glossary of commonly used terms in this guidance.
    f)   USAID Editing Instructions.
    g)   List of Selected Performance Measures.
    h)   User help guide for budget request application.
    i)   GCC website.
    j)   Agency Goals and Pillars.

3. Frequently Asked Questions and clarifications/additions to this guidance will be posted at: http://CDIE.USAID.gov/ar and http://USAIDResults.org.

III.   Bureau Specific Guidance

A.   Africa Bureau

Submission Information: Operating units should send an electronic copy of the complete annual report to Carrie Johnson AFR/DP/PAB. The application tool for the preparation for the resource request tables will be sent via the e-mail function imbedded in the application. Do not send it to Carrie. All operating units are expected to submit an annual report following the deadlines established by PPC. REDSO/ESA will be expected to submit annual reports for REDSO, Burundi, Sudan and Somalia. Guinea will be expected to submit annual reports for Guinea and Sierra Leone. Carrie will forward your reports within the bureau as appropriate and she, and/or her colleagues in PAB, will get back to you with any questions they might have on budget figures.

Use of the Annual Report: Sections of the annual report will be made available on the web site following submission to the Development Experience clearinghouse. Carrie will ultimately be responsible for submitting the final version of your annual report. **If you are managing a sensitive program and do not wish your narrative to be made public please so state in bold on the front page as well as at the beginning of the narrative section.**

FY 03 Alternative: Some missions may believe that their FY 03 CBJ controls levels (once set) do not provide them with the correct mix of resources to achieve the results proposed in their strategies. In these cases, Africa operating units are encouraged to submit an alternative FY 03 budget request that shows sector and account levels that may be different from the approved Bureau FY 03 CBJ controls. This can be done by selecting the "FY 03 Alternative" from the account drop-down in the Budget Request by Program/Country table and completing all of the sector tables for this alternative scenario. Providing an alternative FY 03 budget scenario is an option, not a requirement. The bureau has found these alternative submissions useful tools when setting the actual operating year budget once an appropriation is signed.

Preparation Questions: Operating Units with general questions about annual report preparation should contact their backstop or Steve Giddings in AFR/DP/POSE. POSE backstops are Curt Grimm -- West Africa, Sharon Pauling -- Southern Africa, and Ruth Buckley -- East and Central Africa.   Questions about program resources should be directed to AFR/DP/PAB Carrie Johnson or Paul Knepp. Questions about OE should be directed to the Bureau Controller Beverly Busa. Workforce questions should be directed to AFR/AMS John Winfield. Questions about closeout reporting and reporting requirements for twinned missions should be directed to Nancy McKay AFR/DP/PFP.

B.   Asia Near East Bureau

SUBMISSION INFORMATION: Operating units should submit an electronic copy of the annual report to ANE/SPOTS, Jennifer Hoffman, by the due dates indicated earlier in this guidance. Ms. Hoffman will forward all annual reports to the Development Experience Clearinghouse. The application tool for the preparation for the resource request tables will be sent to Washington via the e-mail function imbedded in the application. Do not send it to Jennifer.

PREPARATION QUESTIONS: Operating units with general questions about annual report preparation should contact ANE/SPOTS, Jennifer Hoffman or Pat Jordan. Questions about financial resources should be directed to ANE/SPOTS, Bob Hudec or Yvette Hart. Workforce questions should be directed to ANE/AMS, Andrew Luck or Gail Ulrich.

COVER MEMO ISSUES: The operating unit's cover memo should clearly indicate any actions the operating unit expects of USAID/Washington. The cover memo also should clearly highlight any requested changes to the management agreement per the instructions in Section I above.

C. *Europe Eurasia Bureau*

Europe and Eurasia missions, please send your Annual Report documents to Jeff Evans. The application tool for the preparation for the resource request tables will be sent via the e-mail function imbedded in the application; do not send it to Jeff. E&E Annual Report detailed budget information: These tables will be used by the State Department Coordinator in the budget allocation process. E&E Operating Units should include a budget that shows funds at the SO and activity level and that identifies the contractor/grantee. This is the same guidance previously used for the R4 except that the requirement to show the budget by project and project components has been deleted. Questions about the overall Annual Report should be directed to Jeff Evans. Questions about the CBJ requirements should be directed to Kevin Brownawell with a copy to Jeff Evans. Questions about budget levels should be addressed to Pat Brown (FSA) or Sheila Cunningham (AEEB).

D. *Latin America And Caribbean Bureau*

Latin America and Caribbean missions, please send Annual Report documents to Charisse Adamson (cc Annette Weichlein). The application tool for the preparation for the resource request tables will be sent via the e-mail function imbedded in the application; do not send it to Charisse. Bureau requests that Missions pay particular attention to the Agency's list of official SO titles and numbers (for the most part these are the same as the ones used in last year's CBJ). Note: References to single digit SO numbers (e.g. SO.1) should not be used. Use your six-digit numbers and program titles instead. If you have any questions on this please contact Robert Baker in PPC or Sue Hill in LAC/SPO. For objectives that have not yet been approved by the Agency, use the country code followed by three letters (e.g. XXX) as the SO number. Use a new set of three letters for each unapproved objective.

Missions are encouraged to provide success stories in their submission that include both people-level impact and overall program impact.

Missions are asked to include an alternative budget for FY 2003. This budget should show how the Mission would use a reasonable increase in funding and should reflect the Mission's strategic priorities. (Note: increases across the board are not particularly useful in showing Mission priorities.) The rationale for this increase should be described in the Resource request section.

Missions are encouraged to fully comply with the editing guidance referred to in the Supplemental References (II.B) above. Regarding program titles please chose a concise title of three or four words that Congress and the public in general can quickly grasp what the SO is all about. While up to 50 characters are allowed, most can be done with 25 characters or less. If you have any further questions on this, please contact Sue Hill in LAC SPO.

The Bureau prefers to have the Results Frameworks submitted in graphic form.

Preparation Questions: Operating Units with general questions about annual report preparation should contact their SPO backstop corresponding to their subregion (Caribbean: Linda Bernstein; Central America and Mexico: Donald Soules; South America: Abdul Wahab). For questions regarding program resources contact Charisse Adamson or Karen Simpson. For questions regarding OE resources contact Pete Klosky.

E. *Global Health*

GH operating units should send their Annual Report documents to GH/FPS.

F. *Economic Growth, Agriculture, and Trade*

EGAT operating units should send their Annual Report documents to EGAT/PDSP.

G.   *Democracy, Conflict and Humanitarian Assistance*

DCHA offices, please send your Annual Report documents to Sue Parks.

IV.   Washington Review

Each bureau will develop its own procedures for the review of the Annual Report. While there is no prescribed format for this review, PPC encourages regional bureaus to hold annual face-to-face consultations with each field mission to discuss program performance. These annual consultations should reduce paperwork while expanding understanding. These consultations are not necessarily linked to review of the Annual Report: they may be held in the field or in Washington and may be held at any time of year. Some bureaus, however, may wish to use submission of the Annual Report as the occasion to schedule these annual consultations.

Bureaus will review and respond to issues raised in the Annual Report cover memo and to the Annual Report itself within four weeks of receipt of the Annual Report unless other arrangements are worked out. At a minimum, missions will receive an e-mail reporting when cover memo issues will be addressed. Management Agreement cables or letters will be prepared when there are specific changes to the Management Agreement and/or the strategic plan.

Bureaus will also continue to hold an intensive, mid-course strategic implementation review of each Operating Unit program at least once every three years. This will be the occasion for a thorough review of how each program is proceeding, including a review of progress toward results expressed in the operating unit's approved Performance Management Plan. Such reviews are to include presentations by operating units to a broad audience, including representatives from regional Bureaus, PPC, M, and the pillar bureaus. Special circumstances and changing situations may require that these triennial intensive reviews be held more frequently.

EXECUTIVE MESSAGE FROM PATRICK CRONIN:

In response to the Administrator's request to simplify and rationalize USAID business processes, I am pleased to announce today a major reform to our Agency Congressional and performance measurement reporting.

An Annual Report will replace the Results Review and Resource Request (R4) submissions and provide a simplified reporting format for other required Agency reports, including a streamlined Congressional Budget Justification (CBJ). By combining these elements into a single reporting format, we hope to avoid duplication and reduce information requests to the field. This new format was developed by a team from the Bureau for Policy and Program Coordination, the Office of Legislative and Public Affairs, other bureaus, and a virtual team of Missions Directors and field Program Officers. Congressional staff provided guidance for the CBJ revisions.

Highlights of the Annual Report and Congressional Budget Justification include:

- The Annual Report will incorporate the CBJ information and resource request.
- The Annual Report is designed to permit Missions to tell Washington what they feel is important in making budget decisions.
- Missions will not be required to prepare new Strategic Objective Narratives for their resource requests if they are already presented in the CBJ section.
- The CBJ narrative is shorter, reflecting only data Congressional staffs have specifically requested.
- The Data Sheets in the CBJ will constitute a Congressional Notification except where otherwise required by law or by Congressional request.
- Results reporting tables will not be included in the CBJ.
- The Annual Report will not require missions to provide performance data to Washington on every Mission strategic objective. Instead, there is a limited list of questions and indicators that USAID/Washington will use to prepare the GPRA Annual Performance Report.

A Policy Notice issued today provides detailed guidance on how to prepare the FY 2002 Annual Report. Because this Annual Report calls for material required for the CBJ certain sections of it are due in USAID/W by Friday, January 4, 2002 so that the CBJ can be submitted by February 18, 2002, as part of the President's Budget. The balance of the Annual Report is due in Washington Monday, February 25, 2002.